

**Introduced by Senators Poochigian and Haynes
(Coauthors: Senators Ackerman, Battin, Brulte, Knight,
McPherson, Monteith, and Morrow)**

February 23, 2001

An act to amend Section 41202 of the Education Code, relating to school construction funding, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1010, as introduced, Poochigian. School construction funding.

Section 8 of Article XVI of the California Constitution (Section 8) requires that the moneys applied by the state for the support of school districts and community colleges be not less than a specified percentage of General Fund revenues. Existing statutory law exempts certain expenditures from inclusion in the calculation of the minimum funding level required by Section 8, including appropriations not made for allocation to a school district, appropriations made for certain retirement-related expenditures, and appropriations made for servicing a public debt approved by the voters of the state.

This bill would provide that an appropriation of one-time General Fund moneys in the state treasury, in excess of a prudent fiscal reserve, to a special account in the General Fund for disbursement by the State Allocation Board to discharge legal obligations incurred as a result of major capital outlay projects for new construction or replacement of buildings by school districts or charter schools would be exempted from inclusion in the calculation of the minimum funding level required by Section 8. The bill would make related findings and declarations.

This bill would declare that it would take effect immediately as an urgency measure.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following
3 (a) The Glossary of Budget Terms in the annual Governor's
4 Budget includes the term "Character of Expenditure," defined as
5 "a classification identifying the purposes of the expenditures."
6 The glossary further defines "local assistance" as "expenditures
7 made for the support of local government activities" and "capital
8 outlay" as "the expenditure of funds to acquire land or pay the cost
9 of planning and construction of new buildings, or additions to and
10 modification of existing buildings, and the equipment which is
11 related to such construction."
12 (b) "Support of school districts and community college
13 districts," as used in Section 8 of Article XVI of the California
14 Constitution has consistently referred in the Budget Bill to moneys
15 appropriated for the ongoing and regular operations of school
16 districts and community college districts and is consistent with
17 expenditures characterized as "local assistance," as used in the
18 Glossary of Budget Terms in the annual Governor's Budget.
19 (c) The term "support," as used in the state's budget
20 terminology, does not include assistance provided for the
21 expenditure of funds to acquire land or pay the costs of planning
22 and construction of new buildings or additions to or modifications
23 of existing buildings that occur on a one-time or periodic basis and
24 are expenditures characterized as "capital outlay," as used in the
25 Glossary of Budget Terms in the annual Governor's Budget.
26 (d) The act adding this section is consistent with the intent of
27 paragraph (3) of subdivision (f) of Section 41202 of the Education
28 Code, as added by Chapter 83 of the Statutes of 1989, which
29 excludes "any appropriation made to service any public debt
30 approved by the voters of this state" from the calculation of the
31 minimum required funding level for public education imposed by
32 Section 8 of Article XVI of the California Constitution. Chapter
33 83 was enacted as an urgency statute to implement and define the
34 minimum public education funding level requirements of the

1 Classroom Instructional Improvement and Accountability Act, the
2 initiative measure commonly known as Proposition 98.

3 (e) The act adding this section is consistent with Section 13 of
4 the Classroom Instructional Improvement and Accountability Act
5 (“Act”), the initiative measure commonly known as Proposition
6 98, which authorizes a change to further its purposes made by a bill
7 passed by a $\frac{2}{3}$ vote of the membership of both houses of the
8 Legislature and signed by the Governor. The act adding this
9 section furthers the purposes of the Act by clarifying that it was not
10 the intent of the voters in passing the Act, nor the intent of the
11 Legislature in enacting Section 41202 of the Education Code, that
12 a one-time major capital outlay expenditure by the state on behalf
13 of school districts be counted toward the minimum public
14 education funding level requirement of the Act.

15 SEC. 2. Section 41202 of the Education Code is amended to
16 read:

17 41202. The words and phrases set forth in subdivision (b) of
18 Section 8 of Article XVI of the Constitution of the State of
19 California shall have the following meanings:

20 (a) “Moneys to be applied by the State,” as used in subdivision
21 (b) of Section 8 of Article XVI of the California Constitution,
22 means appropriations from the General Fund that are made for
23 allocation to school districts, as defined, or community college
24 districts. An appropriation that is withheld, impounded, or made
25 without provisions for its allocation to school districts or
26 community college districts, shall not be considered to be
27 “moneys to be applied by the State.”

28 (b) “General Fund revenues which may be appropriated
29 pursuant to Article XIII B,” as used in paragraph (1) of
30 subdivision (b) of Section 8 of Article XVI, means General Fund
31 revenues that are the proceeds of taxes as defined by subdivision
32 (c) of Section 8 of Article XIII B of the California Constitution,
33 including, for the 1986–87 fiscal year only, any revenues that are
34 determined to be in excess of the appropriations limit established
35 pursuant to Article XIII B for the fiscal year in which they are
36 received. General Fund revenues for a fiscal year to which
37 paragraph (1) of subdivision (b) is being applied shall include, in
38 that computation, only General Fund revenues for that fiscal year
39 that are the proceeds of taxes, as defined in subdivision (c) of
40 Section 8 of Article XIII B of the California Constitution, and shall

1 not include prior fiscal year revenues. Commencing with the
2 1995–96 fiscal year, and each fiscal year thereafter, “General
3 Fund revenues that are the proceeds of taxes,” as defined in
4 subdivision (c) of Section 8 of Article XIII B of the California
5 Constitution, includes any portion of the proceeds of taxes
6 received from the state sales tax that are transferred to the counties
7 pursuant to, and only if, legislation is enacted during the 1995–96
8 fiscal year the purpose of which is to realign children’s programs.
9 The amount of the proceeds of taxes shall be computed for any
10 fiscal year in a manner consistent with the manner in which the
11 amount of the proceeds of taxes was computed by the Department
12 of Finance for purposes of the Governor’s Budget for the Budget
13 Act of 1986.

14 (c) “General Fund revenues appropriated for school districts,”
15 as used in paragraph (1) of subdivision (b) of Section 8 of Article
16 XVI of the California Constitution, means the sum of
17 appropriations made that are for allocation to school districts, as
18 defined in Section 41302.5, regardless of whether those
19 appropriations were made from the General Fund to the
20 Superintendent of Public Instruction, to the Controller, or to any
21 other fund or state agency for the purpose of allocation to school
22 districts. The full amount of any appropriation shall be included
23 in the calculation of the percentage required by paragraph (1) of
24 subdivision (b) of Article XVI, without regard to any unexpended
25 balance of any appropriation. Any reappropriation of funds
26 appropriated in any prior year shall not be included in the sum of
27 appropriations.

28 (d) “General Fund revenues appropriated for community
29 college districts,” as used in paragraph (1) of subdivision (b) of
30 Section 8 of Article XVI of the California Constitution, means the
31 sum of appropriations made that are for allocation to community
32 college districts, regardless of whether those appropriations were
33 made from the General Fund to the Controller, to the Chancellor
34 of the California Community Colleges, or to any other fund or state
35 agency for the purpose of allocation to community college
36 districts. The full amount of any appropriation shall be included
37 in the calculation of the percentage required by paragraph (1) of
38 subdivision (b) of Article XVI, without regard to any unexpended
39 balance of any appropriation. Any reappropriation of funds



appropriated in any prior year shall not be included in the sum of appropriations.

(e) “Total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means the sum of appropriations made that are for allocation to school districts, as defined in Section 41302.5, and community college districts, regardless of whether those appropriations were made from the General Fund to the Controller, to the Superintendent of Public Instruction, to the Chancellor of the California Community Colleges, or to any other fund or state agency for the purpose of allocation to school districts and community college districts. The full amount of any appropriation shall be included in the calculation of the percentage required by paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI, without regard to any unexpended balance of any appropriation. Any reappropriation of funds appropriated in any prior year shall not be included in the sum of appropriations.

(f) “General Fund revenues appropriated for school districts and community college districts, respectively” and “moneys to be applied by the state for the support of school districts and community college districts,” as used in Section 8 of Article XVI of the California Constitution, shall include funds appropriated for the Child Care and Development Services Act pursuant to Chapter 2 (commencing with Section 8200) of Part 6 and shall not include any of the following:

(1) Any appropriation that is not made for allocation to a school district, as defined in Section 41302.5, or to a community college district regardless of whether the appropriation is made for any purpose that may be considered to be for the benefit to a school district, as defined in Section 41302.5, or a community college district. This paragraph shall not be construed to exclude any funding appropriated for the Child Care and Development Services Act pursuant to Chapter 2 (commencing with Section 8200) of Part 6.

(2) Any appropriation made to the Teachers’ Retirement Fund or to the Public Employees’ Retirement Fund except those appropriations for reimbursable state mandates imposed on or before January 1, 1988.

1 (3) Any appropriation made to service any public debt
2 approved by the voters of this state.

3 (4) *The appropriation of one-time General Fund moneys in the*
4 *State Treasury, in excess of the amount required to be established*
5 *pursuant to Section 5.5 of Article XIII B of the California*
6 *Constitution, to a special account in the General Fund for*
7 *disbursement by the State Allocation Board to discharge legal*
8 *obligations incurred as a result of major capital outlay projects for*
9 *new construction or replacement of buildings by school districts*
10 *or charter schools.*

11 (g) “Allocated local proceeds of taxes,” as used in paragraph
12 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the
13 California Constitution, means, for school districts as defined,
14 those local revenues, except revenues identified pursuant to
15 paragraph (5) of subdivision (h) of Section 42238, that are used to
16 offset state aid for school districts in calculations performed
17 pursuant to Sections 2558, 42238, and Chapter 7.2 (commencing
18 with Section 56836) of Part 30.

19 (h) “Allocated local proceeds of taxes,” as used in paragraph
20 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the
21 California Constitution, means, for community college districts,
22 those local revenues that are used to offset state aid for community
23 college districts in calculations performed pursuant to Section
24 84700. In no event shall the revenues or receipts derived from
25 student fees be considered “allocated local proceeds of taxes.”

26 (i) For the purposes of calculating the 4 percent entitlement
27 pursuant to subdivision (a) of Section 8.5 of Article XVI of the
28 California Constitution, “the total amount required pursuant to
29 Section 8(b)” shall mean the General Fund aid required for
30 schools pursuant to subdivision (b) of Section 8 of Article XVI of
31 the California Constitution, and shall not include allocated local
32 proceeds of taxes.

33 SEC. 3. This act is an urgency statute necessary for the
34 immediate preservation of the public peace, health, or safety
35 within the meaning of Article IV of the Constitution and shall go
36 into immediate effect. The facts constituting the necessity are:

37 There is a pressing need to house pupils in new school facilities.
38 Further, many school districts have incurred debt using local bonds

- 1 to provide partial payments for new school construction in the
- 2 2001 calendar year.

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